



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

From the United States Tariff Commission has been received in the series of Tariff Information Surveys a revised edition of the *Article in Paragraph 102 of the Tariff Act of 1913 relating to the Ferroalloy Industries* (Washington, 1921, pp. 160); also, Tariff Information Series No. 22, *Census of Dyes and Coal-Tar Chemicals* (1921, pp. 95); and *The Japanese Cotton Industry and Trade with Special Reference to Comparative Costs and Competition between Japan and the United States* (1921, pp. 162).

From the Federal Trade Commission has been received:

Summary of Report of the Federal Trade Commission on Commercial Feeds (Washington, March 29, 1921, pp. 15).

Summary of Report on Combed Cotton Yarns (April 14, 1921, pp. 8).

Summary of Report on the Pacific Coast Petroleum Industry, Part I (April 7, 1921, pp. 19).

The Department of Commerce has issued the nineteenth edition of *List of Publications of the Department Available for Distribution* (Washington, May 16, 1921, pp. 85).

Corporations

RECENT AMENDMENTS OF THE NEW YORK PUBLIC SERVICE COMMISSIONS LAW IN RELATION TO FRANCHISES AND MUNICIPAL CONTRACTS. The Public Service Commissions law of New York as first enacted in 1907, provided for two districts and two corresponding commissions of five members each. The first district comprised the city of New York, and the second, the rest of the state. Each commission had complete jurisdiction of the public utilities in its own territory except that there were special provisions for companies operating in both districts, and that the telephones for the entire state were placed under the second district. In the first district the commission had charge not only of ordinary regulation, but also acted in behalf of the city of New York in administering the construction and operation of rapid transit railroads under the provisions of the Rapid Transit act. This general plan of organization was continued till 1919, when it was modified in the first district, but was left intact in the second. The first district commission was abolished, and in its place two commissions were created: the Public Service Commission with a single commissioner and three deputies, and the Transit Construction Commission with one commissioner and a deputy. The first continued the ordinary regulatory functions over rates, capitalization, and service, while the second assumed the administrative duties in behalf of the city of New York under the Rapid Transit act.

The reorganization in 1921, following the complete change in state po-

litical control, has been more far-reaching and has permitted the new appointment of a full quota of commissioners throughout the state. Even the long honored division into two districts was abolished, together with the three existing commissions. In their place, two new commissions were created: the Public Service Commission of five members, and the Transit Commission of three members. The latter has jurisdiction only over railroads, street railroads, stages and omnibus lines in the city of New York, but is vested with both regulatory powers and the administration of the Rapid Transit act. It is charged also with the extra-ordinary duty of formulating and putting into effect, a plan for reorganizing the street railways in the city of New York. The new Public Service Commission has jurisdiction over railroads, street railroads and stage and omnibus lines in the rest of the state outside of the city of New York, and over the other utilities throughout the state, including the city of New York.

There is no clear reason underlying the new demarcation between commissions. There was sense in the former division between the first and second districts, also some justification in the first district in separating the regulatory functions from the administrative duties under the Rapid Transit act. But only political considerations can account for the present grouping of the single Transit Commission restricted to the city of New York, endowed with both regulatory duties and the administration of the Rapid Transit act, and a commission with state wide regulatory power over all utilities except transit. The new alignment requires extensive separation of departments and confusing division of records. But its chief difficulty is that the technical employees realize that this shifting is all temporary and that there will be a further shuffle with the next change in political power, and then another, and another,—that the commissions have become political footballs, and not organizations to do serious public work. The repeated changes in personnel and organization have raised havoc with the exceptionally high order of ability and enthusiasm of the original technical staffs. They have driven a large proportion of the good men out of the service, and have reduced most of the rest to mere job holders. Only a person who has been in close contact with the commissions since their beginning can understand the tragic decadence of the promissful organizations started under Governor Hughes.

Prior to the recent amendments, the provisions relating to rate regulation had varied considerably between the different kinds of utilities. Thus the commissions had full power over rates of street railways previously fixed by statutory authority, but in case of gas and electric companies they were limited upward to the maximum fixed by statute. Further, if a company filed new schedules, especially when its rates had not previously been fixed by the commission, the latter had the power to suspend the schedules of

a transportation company until their reasonableness could be determined, but did not have such powers over gas and electric companies and other utilities.

These differences were never justified and have properly been eliminated. Under the revised law, the commissions have full power to increase or decrease rates of all utilities without regard to statutory restrictions, also to suspend new tariffs filed by any utility pending a determination of the reasonableness of the proposed rates.

These changes, both in the matter of introducing uniformity and extending the power of the commissions, mark a distinct advance. The only doubt as to their full desirability appears in the 80 cent gas law applying to the city of New York, which has thus been indirectly repealed. This statutory rate has been under litigation as confiscatory, and its enforcement has been enjoined by the United States District Court. Doubtless its validity would have been brought before the Supreme Court of the United States, but the amendment of the law may now prevent or substantially affect such final adjudication. The responsibility of determining the reasonableness of the 80 cent rate is now likely to pass for the most part to the new Public Service Commission with power to fix new rates.

The most far-reaching change in the law is the extension of the commissions' power even over rates fixed by franchises and contracts between cities and companies. Although this applies uniformly to all classes of utilities, it has significance chiefly as to street railways, which have been limited extensively throughout the state by franchises to a maximum five cent fare; the other utilities either have no franchise limitations or most of them have rates in force much below the franchise maximum. Under the so-called *Quinby* decision, the Court of Appeals of the state of New York held that the commissions could not grant higher rates than those fixed by franchise on the ground that they had not been given such power by the legislature, but the scope of this decision was substantially limited in subsequent decisions.¹ In some instances temporary agreements have been made between the cities and the street railway companies for higher fares. In a number of municipalities, however, especially in the city of New York, a five cent fare is still in force and will furnish the immediate occasion for testing the constitutionality of this special extension of power.

The scope of this new power is not only practically limited to street railways, but its constitutionality is here much more doubtful. In case of other utilities, the local grants have been based only on general statutory authority, while the street railway franchises since 1875 have been granted under Article III, Section 18, of the state constitution, which requires the consent of the local authority to construction or operation of a street railroad in the streets of a municipality. Street railway franchises, therefore,

¹ See John Bauer, "Control of Public Utility Rates in the State of New York," *AMERICAN ECONOMIC REVIEW*, Dec., 1920, p. 872.

rest upon independent constitutional grounds and to that extent are beyond control of the legislature.

The specific constitutional question in cases where a five cent fare was fixed in a street railway franchise under the direct constitutional provision that there be no construction or operation except by consent of the local authorities, is whether the legislature can subsequently abolish this restriction and still leave the privilege of operation at a higher rate of fare? Since the presumption is that the local consent would not have been granted except on the condition of the five cent fare, can the legislature therefore disregard the condition and leave intact the privilege of operation?

This constitutional question has also a practical counterpart. When franchises were issued, far-reaching privileges were granted to the companies, usually including a long term of right to operation. The only safeguards against possible abuse of the privileges were the restrictions in the grants, especially the five cent fare limitation. It is, of course, true that a permanent rate of fare fixed by franchise is not a desirable way of protecting the public; nor is a long term or perpetual right a reasonable privilege granted to the companies. The practical question, therefore, is whether the past agreements should now be modified by legislation, or whether they were not better left to the cities and companies for the negotiation of new terms. If the companies cannot operate under their franchise restrictions, should they not have been referred to the cities for revision of their agreements, so that by negotiation they would have been compelled to give up unjustified privileges in return for the removal of undue restrictions? The common belief, however, is that they have studiously avoided renegotiation of franchise terms. In previous meetings of the legislature, they sought the extension of the commissions' power over rates fixed by franchises, and they supported the present amendments. Presumably, therefore, through this action they expect to obtain higher fares without sacrificing advantages granted in their franchises.

The extension of the commissions' power to increase street railway rates over the maximum fixed by franchise or contracts has special application to the city of New York. In regard to ordinary franchises with fare restrictions, the situation is the same as in other municipalities of the state, and this covers practically all the surface lines. Besides ordinary franchises, however, the city of New York has entered also into actual contracts for construction and operation of railroads, provided for by special legislative action. Under the Rapid Transit act, the city has invested about \$300,000,000 in subways and has leased the lines for operation to street railway companies, granting them extraordinary privileges, and allowing them large returns on their own investment, but fixing a five cent fare and no more as a condition of operation. It appears as an owner of the railroads, having

invested its money in the properties and as a proprietor, having leased them to other companies on fixed conditions. Further, it entered into the contracts under specific legislative authorization. It raises, therefore, not only the question of constitutional consent as in the ordinary franchises granted since 1875, but also the question of impairment of contract under the Constitution of the United States.

The new law, as particularly applied to the city of New York, has created the Transit Commission, which has sole jurisdiction over transportation in the city. Besides, without regard to franchise or contract restrictions, it is directed to make a general investigation of street railway conditions and prepare a plan for reorganization, giving consideration to possible unification of all the properties into a single system. This plan shall first be submitted to the city of New York and the companies for criticism and suggested changes. Then, after the criticisms and suggestions have been taken into consideration, the plan shall again be submitted to the city, and if the latter does not approve, shall be put into effect by the commission itself, provided that it has been accepted by the companies.

This extreme power of formulating a plan of reorganization and putting it into effect without the final approval of the city, manifestly invades not only the ordinary franchises but the city's rapid transit contracts. The commission may thus annul the contracts and abrogate all existing franchises, and enter into new agreements with the companies, fixing new conditions and terms of operation. As a state commission, therefore, it would act as the local authority in granting franchises and making contracts for the city of New York.

This power, of course, is extraordinary and to the lay mind, also probably to most lawyers, it is difficult to see how it can possibly stand under the provision of the Constitution of the United States safeguarding contracts. Unless the city should approve the final plan formulated by the commission, it will probably carry the issue to the Supreme Court of the United States. Doubtless it will fight to the limit the right of the commission to modify contracts or to enter into new agreements in its behalf. The law is defended partly as an exercise of the police power, as merely a logical extension of the state's right to regulate rates of public service corporations. But the more general defense lies in the sovereignty of the state over a municipality. The latter, it is urged, is entirely a creature of the state, and is in all respects subject to control by the state. The legislature may grant, amend, or annul a city's charter, define or fix the local government, and establish special agencies or departments for carrying out particular functions. According to this view, the legislature has now simply created the Transit Commission to reorganize the street railways and to act in full capacity for the city of New York as an agency for the particular purpose.

It is beyond the scope of this review to discuss in detail the constitutional questions raised by the law, and these are many. The state, of course, has and exercises great powers over the cities. But may it not give specific authorizations to a city for expenditure of municipal funds under contract with a private corporation for a fixed period, and thus divest itself of control over the subject matter of the contract during such limited time? Although, undoubtedly, it may designate the local agency for carrying out any particular municipal function, can it in fact create a state agency with quasi-judicial power to act in behalf of a city in purely contractual matters against the opposition of the elected officials of the municipality?

Most of the operating companies are in the hands of receivers, and sooner or later general reorganization will be inevitable. This, the writer is fully convinced and has urged for over two years, should provide for a unified street railway system, including all facilities in the city, subway, elevated, and surface, based, however, upon a valuation which not only is fair to the public as to actually existing investment, but which is low enough so that it can be permanently sustained by the earnings and will establish credit for immediately necessary improvements and extensions. Besides the chaos incident to the present general insolvent condition of the companies, the city is in need of immediate further extensions of the rapid transit lines, but the necessary funds are not available under present circumstances. The city has not sufficient borrowing power under the debt limit and the companies have no credit at all. The reorganization, therefore, must have chief regard for the creation of credit and must limit the valuation accordingly.

Although the Transit Commission is directed to put into effect a plan of reorganization and to fix a valuation for the purpose it is without power to compel the companies by its own direct authority to accept the plan. Manifestly, therefore, it will have to negotiate and it will be badly handicapped in its negotiation by not having the right to discontinue if a proper valuation and other desirable conditions are not accepted by the companies. The latter, of course, will struggle for the largest valuation possible to save and revitalize their present mass of securities, and they will be greatly aided in this struggle by the fact that the commission must execute a plan.

The writer believes that a desirable system of unified operation would have been better obtained by untrammelled negotiation between the city and the companies. Such negotiation would almost certainly have come about with the passage of certain political exigencies, particularly when the companies once came to realize that they could expect no relief through legislative or judicial action, and that they could not further avoid a financial show-down with the city in discussing the rapid transit contracts and franchises. In such negotiations the city would not be hampered by any legislative mandate or by general regulatory and quasi-judicial responsibility. It could proceed with consideration only to its duty to the public and would

thus probably succeed in keeping down the valuation to an amount which could be permanently sustained by the earnings.

There is thus little probability that the transportation deadlock and confusion are likely to be cleared away very soon. The situation, of course, has been complicated by political cross-purposes, lack of agreement upon constructive municipal policies, unjust characterization of the city administration, befogging of issues by the companies' campaign of publicity, lack of understanding by most of the news and editorial writers of the city, and, apparently, by the political and legislative activity of the companies to obtain relief without revision of contracts and franchises.

JOHN BAUER,

New York City.

THE CALIFORNIA LEGISLATIVE REPORT ON PUBLIC UTILITIES. Pursuant to Senate Concurrent Resolution 20. (Sacramento: Calif. State Printing Office. 1921. Pp. 6.) The summarized findings of this legislative committee are of more than usual interest in view of the recent programs of utility regulation in other states.

Probably because it has been necessary to permit increases in utility rates in recent years there has been a tendency to assume that competition in connection with the furnishing of utility service is desirable. Motor busses have been run in competition with the street cars in Des Moines. In Illinois motor-bus lines have been established in competition with interurban lines and the interurban stations have been used by the passengers of the motor-bus lines, the time schedule being arranged so that the motor busses leave a few minutes before the departure of the interurban cars.

About 1907 when many state public utility commissions were established they were very popular partly because they made rather general reductions in public utility rates at that time. Recently, however, with increases in utility rates there has arisen a desire to curtail or abolish state control of utilities and to increase the control over them by local authorities. In Iowa there is no state public utilities commission; bills providing for such a commission failed to become law in the last session of the legislature. The Iowa League of Municipalities has gone on record to the effect that it will "exert all legitimate efforts to prevent the creation of any public utility commission in the state of Iowa, and that this organization hereby expresses its unalterable opposition to the establishment of any commission authorized to control or regulate any local utility." In Illinois legislation has been pending for some time which would abolish the Illinois Public Utilities Commission and provide for an Illinois Commerce Commission, leaving the regulation of utilities to local authorities. It does not now appear probable that this bill will become law, without fundamental modifications. In Arkansas where there has been some sort of central control of utilities

for twenty years they have, under the new governor, abolished the Arkansas Corporation Commission and provided for local control of utilities.

The California legislative committee made an investigation of public utilities in that state in response to complaints concerning the public utility law and regarding the activities of the State Railroad Commission which has control over the utilities in that state. The summarized statements of the report deal, among other things, with the following important issues. 1. Regulated monopoly in the public utility field. 2. The amendment to the California constitution, pending before the legislature, permitting municipalities to withdraw from the jurisdiction of the State Commission. 3. Recent advances in utility rates. 4. The "cost plus" fallacy in rate making. 5. Bringing the work of the State Commission closer to the people and increasing the effectiveness of state control.

The committee is distinctly in favor of regulated monopoly in the utility field. In the proposed legislation which has been pending in Illinois it is provided that companies forming bus lines should not be required to obtain a certificate of convenience and necessity before establishing such lines in competition with interurban electric roads. The California legislative committee states that "competition in public utility service is fundamentally wasteful." It does not favor local control of public utilities. Among the arguments against permitting a municipality to withdraw from the jurisdiction of the state commission, the committee points out that it would work a great hardship upon consumers outside municipalities. The committee believes that whatever desire there may be on the part of municipalities to withdraw has been due to the advance in utility rates but the committee believes that for that reason alone withdrawal should not be permitted. "For if municipalities were permitted to withdraw and should lower rates, and we accept the proposition that the utility company should receive a 'fair return,' then it becomes evident that consumers outside municipalities would be compelled to make good their reduction."

The committee justifies the recent advances in utility rates by pointing out that the advance in prices of commodities and materials used by utilities has been much greater than the increase in utility rates. It is stated that while oil advanced 180 per cent and skilled labor 60 per cent the electric rates in the corresponding period were advanced but 36 per cent, gas rates but 18 per cent; that while gross revenues increased during the years 1916 to 1919, 36 per cent, net revenue increased but 10 per cent.

The committee points out that it has been openly charged that the State Commission is fixing rates on a cost plus basis, and states that it finds that the facts in no wise justify such a conclusion; that the State Commission "does not in any sense 'guarantee' anything"; that in fixing a rate the commission proceeds to find "the fair value of the property of the utility used and useful in service of the public." That it then puts its

accountants to work "analyzing and checking up the operating expenses." It then "fixes a fair return on the value of the property and fixes the rate accordingly." Out of "that fair return must come interest on bonded indebtedness and borrowed money, amortization, and losses before dividends can be paid." If the "fair return happens to pay interest on the outstanding bonds and stock of the utility, the company is fortunate. Otherwise it is unfortunate. Whether or not that fair return will pay a dividend to the stockholders or interest on outstanding bonds is not taken into consideration by the commission."

The committee recognizes the fact that local intelligence concerning utilities ought to be utilized in a program of state control and it recommends that the State Commission have a representative in each community. The committee is outspoken in its advocacy of control by a central state body, because of "the utter impossibility of the general run of municipalities being able to fix a fair return, owing to the lack of proper facilities for determining that fair return." The report points out that very little of the property of many of the utilities is to be found in any one municipality, and thus if local authorities are in control there is "danger of politics entering into the question to the exclusion of fairness."

C. O. RUGGLES.

Ohio State University.

Labor

The United States Railroad Labor Board (Chicago) has issued *Rules for Reporting Information on Labor Employees, Together with a Classification and Index of Steam Railroad Occupations* (pp. 320). It is stated that this classification will serve as a basis for establishing a uniform terminology and a general understanding of the classes of positions on American railroads.

The Federal Bureau of Labor Statistics has issued the following bulletins:

- No. 278, *Wages and Hours of Labor in the Boot and Shoe Industry: 1907-1920* (Washington, 1921, pp. 177).
- No. 279, *Hours and Earnings in Anthracite and Bituminous Coal Mining* (April, 1921, pp. 114). The statistics for anthracite relate to the years 1919 and 1920, and for bituminous to the year 1919.
- No. 280, *Industrial Poisoning in Making Coal-Tar Dyes and Dye Intermediates*, by Dr. Alice Hamilton (April, 1921, pp. 87).
- No. 283, *History of the Shipbuilding Labor Adjustment Board, 1917 to 1919*, by W. E. Hotchkiss and H. R. Seager (May, 1921, pp. 107).

The Women's Bureau of the United States Department of Labor has is-

sued Bulletin No. 15, entitled *Some Effects of Legislation Limiting Hours of Work for Women* (Washington, 1921, pp. 26).

The Federal Bureau of Mines has published Technical Papers 275, 280, and 288, by W. W. Adams, entitled respectively *Quarry Accidents in the United States During the Calendar Year 1919* (Washington, 1921, pp. 66); *Accidents at Metallurgical Works in the United States During 1919* (pp. 21); and *Coal Mine Fatalities in the United States in 1920* (pp. 112).

The following documents relating to labor have been received:

Seventeenth Biennial Report of the Colorado Bureau of Labor Statistics, 1919-1920 (Denver, 1920, pp. 61).

Thirty-seventh Annual Report of the Department of Labor of Michigan (Lansing, 1920, pp. 545).

Seventeenth Biennial Report, Labor and Compensation, 1919-1920, Nebraska (Lincoln, 1920, pp. 96).

Thirteenth Biennial Report of the Bureau of Labor, New Hampshire, for the Fiscal Period Ended August 31, 1920 (Concord, 1920, pp. 192).

Annual Report of the Department of Labor and Industries of Massachusetts for the Year Ending November 30, 1920 (Boston, pp. 132).

Annual Report of the Statistics of Labor for the Year Ending November 30, 1920, by the Department of Labor and Industries, Massachusetts (Boston, pp. 68, 146, 72).

Ninth Biennial Report of the Bureau of Labor of Oregon (Salem, pp. 117).

Labor Laws of the State of Wisconsin and Orders of the Industrial Commission (Madison, 1920, pp. 341).

Seventh Annual Report of the Industrial Accident Board, Massachusetts (Boston, 1920, pp. 138).

Money, Prices, Credit, and Banking

REPORT OF THE MASSACHUSETTS SPECIAL COMMISSION ON THE NECESSARIES OF LIFE (1921. Pp. 125). This is a valuable study of the relative cost of living in Massachusetts by months, from 1910 to 1920 inclusive. The investigation covered most of the cities of the state and is undoubtedly the most thorough regional study of the cost of living that has been made. The commission used the same percentage weights for food, clothing, shelter, fuel, and sundries that are used by the National Industrial Conference Board; namely, the average of six budgetary studies. The food index was composed of the relative retail prices of thirty-seven food commodities weighted according to the 1901 budgetary study of the United States Bureau of Labor for the North Central States. This 1901 weighting scale was not only used by the Food Administration during the war but was found to be approximately accurate from separate investigations made by the commission itself. The clothing items are weighted in a manner that seems accu-

rate but for which the source is not given, as is also the case with fuel and sundries. Presumably the commission based these weights largely upon an investigation of its own, although this is not explicitly stated. The housing index is based upon a wide variety of houses throughout the state. The movement of the cost of living from 1913 on is shown by the following table:

TABLE 1.—RELATIVE COST OF LIVING, 1913–1920
(1913 = 100)

	1913	1914	1915	1916	1917	1918	1919	1920
Jan.	94.9	101.8	102.9	105.7	119.6	144.6	167.5	192.0
Feb.	94.2	101.8	102.1	106.3	121.1	147.0	164.7	190.8
Mar.	99.2	101.6	101.0	106.7	122.7	145.7	164.7	193.4
Apr.	99.6	100.4	101.0	108.2	125.3	145.9	167.0	196.3
May	99.4	100.1	101.5	108.7	127.5	148.7	169.1	200.3
June	100.3	100.6	101.4	110.3	131.0	152.4	170.3	199.7
July	100.8	102.1	101.7	109.9	129.3	155.1	171.5	202.6
Aug.	100.6	103.1	101.4	110.1	130.0	157.6	174.6	198.5
Sept.	100.2	103.3	102.2	112.1	133.1	161.3	173.1	200.1
Oct.	101.0	104.1	103.2	113.6	137.1	164.2	179.9	194.9
Nov.	101.0	103.2	103.9	116.2	138.2	165.0	184.5	191.3
Dec.	100.8	102.7	103.5	117.5	139.6	166.1	184.7	183.9

Reduced to a December 1914 basis this was a 15.6 per cent less increase for June 1920 than the figures of the United States Bureau of Labor Statistics for Boston alone and an 18.4 per cent smaller increase for December 1920.

A comparison of the relative increases of the various major items throws much light upon the question of the correspondence between the general price level and that of specific groups of prices.

TABLE 2.—RELATIVE PRICE MOVEMENT OF DIFFERENT GROUPS OF COMMODITIES, 1913–1920
(1913 = 100)

	Total cost of living	Food	Clothing	Shelter	Fuel	Sundries
January, 1913	94.9	98.2	99.7	100.0	104.3	100.0
July “	100.8	102.2	99.7	100.0	97.8	100.0
January, 1914	101.8	102.1	101.5	103.5	101.9	100.0
July “	102.1	103.3	101.7	103.5	97.3	100.0
January, 1915	102.9	103.2	105.8	104.1	101.0	100.0
July “	101.7	100.7	106.8	104.1	96.4	100.0
January, 1916	105.7	105.5	114.5	105.3	101.3	102.0
July “	109.9	112.4	121.2	105.3	101.0	104.0
January, 1917	119.6	126.2	137.7	103.1	113.2	110.0
July “	129.3	142.9	145.0	103.2	114.7	117.0
January, 1918	144.6	155.8	176.5	111.7	125.3	134.0
July “	155.1	165.2	201.3	108.2	132.1	151.0
January, 1919	167.5	180.1	221.5	118.4	143.7	155.0
July “	171.5	182.2	235.8	115.5	145.8	163.0
January, 1920	192.0	200.9	286.2	131.0	154.2	175.9
July “	202.6	216.9	280.9	139.4	172.1	185.0
December, 1920	183.9	179.6	226.0	151.7	189.9	192.0

This indicates a great disparity in the price movements of the various items. Thus by July, 1918, shelter had increased only 8.2 per cent over its 1913 base, while food had increased 65.2 per cent, clothing 101.2 per cent and the total cost of living 55.1 per cent. By January 1920 food had increased 100.9 per cent, clothing 186.2 per cent, and the total cost of living 92 per cent, whereas shelter had risen only 31 per cent. Shelter rose rapidly in the latter part of 1920—while the prices of food and clothing fell rapidly in the same period. Due to this smaller increase in rents for Massachusetts, the index of food prices exceeds the cost of living index by from ten to fifteen points throughout the period of price increase. The rapid fall in food prices, however, left their index at the close of 1920 slightly below the cost of living index. It is probable, however, that the increase in rents was much less in Massachusetts than in the rest of the country, and that therefore food prices would be a more accurate index of the general cost of living elsewhere than they were in Massachusetts. This is largely due to the fact that there was in that state a considerable "oversupply" of houses at the beginning of the war due to the housing boom of the earlier years. This naturally served both to retard and lessen the increase in rents. Despite the relatively little building during the last three years, the total number of dwellings in Massachusetts increased 19.2 per cent during the decade 1910-1920, while the population increased only 14.6 per cent. The reports of an actual housing shortage therefore do not seem to square with the facts in so far as Massachusetts is concerned. It is interesting to note that in many communities where the population actually decreased and the number of dwellings increased, rents nevertheless rose generally.

The study is distinctly useful and it is to be hoped both that Massachusetts will continue it and that other sections of the country will initiate investigations of their own. That economic research comes high, however, is indicated by the fact that the commission making this report spent nearly \$40,000—most of which was apparently for this investigation.

PAUL H. DOUGLAS.

University of Chicago.

A REPORT OF THE COMMITTEE ON RURAL CREDITS has been issued by the Ontario Department of Agriculture, dated November, 1920 (pp. 46). The report is signed by W. T. Jackman, Thomas MacMillan and M. H. Staples, who have evidently spent some time and effort to good advantage in investigating the problem of rural credits for the Province of Ontario.

In general, the committee discusses the use and importance of credit both to the business man and the farmer. It explains the use of both short-time and long-time credit and indicates the inadequacy of the present credit facilities. This inadequacy lies, first, in the fact that Canadian and other banks are organized to serve commercial rather than agricultural interests

and, second, that the period of commercial short-time loans is entirely too short for the farmer who must have at least six months credit. Long-time credit is inadequate in that it is entirely unorganized and that there is an altogether insufficient amount of funds for long-time investment in parts of the province.

The report reviews the situation in other countries and indicates how European as well as American states have solved the problems both of short-time and long-time loans to farmers. The Manitoba acts of 1917 are examined with care and it is plain that the committee favors legislation very much along the lines pursued in her sister province.

Their recommendations following the Manitoba plan are as follows: (1) the creation of the new institution for furnishing short-time advances to farmers, the funds to be obtained largely from the savings of farmers as a class. They advocate the payment of interest on savings at the rate of 4 per cent, the savings being guaranteed by the provincial government. The savings institution would be located in Toronto. (2) The organization of rural credit societies throughout the province by farmer share-holders who would hold all the stock of the society. These societies would be managed by a board of nine members, six to be chosen by the farmers and the other three by organizations or associations "best calculated to understand and promote the welfare of the agricultural interests." The method of distributing the funds from the central association to the locals is not thoroughly worked out but it is suggested that it might be done through one or more of the chartered banks in Toronto.

For mortgage credits the committee proposes the organization of the land mortgage bank with a capital stock of \$500,000 subscribed and taken by farmers. The operation of the bank follows in general the lines of the federal land banks of the United States except that the short-term credit societies will, in Ontario, take the place of the farm loan association of the United States.

In all instances the committee discourages government enterprise or participation in the rural credit scheme except, perhaps, in the inauguration of the mortgage bank. They feel that both short and long-term credit associations for farmers should be in the farmers' hands and should not be subsidized by the government.

The only novel provision in the committee's recommendation is the co-operation between the long-term and short-term credit institutions. The committee believes that the problems are similar in character and that overhead organization will be minimized if the one institution joins hands with the other. On the whole the report is very well written and is an excellent summary of the rural credit situation.

ALEXANDER E. CANCE.

The following documents relate to banking:

Seventh Annual Report of the Federal Reserve Board, covering operations for the year 1920 (Washington, 1921, pp. 639). This contains the several reports of the twelve federal reserve banks.

Annual Report of the Superintendent of Banks of Alabama for the Fiscal Year Ending September 30, 1920 (Montgomery, pp. 136).

Thirty-first Annual Report of the Commissioner of the Banking Department of Michigan, 1919 (Lansing, 1920, pp. 677).

Annual Report of the Superintendent of Banks of New York, Relative to the Savings and Loan Associations, Land Bank of the State of New York and Credit Unions, for 1919 (Albany, 1920, pp. 630).

Annual Report of the Treasurer and State Bank Examiner of Georgia, 1919 (Atlanta, pp. 256).

Public Finance

The following state documents on taxation have recently appeared:

First Annual Report of the Tax Commission of Illinois (Springfield, March 1, 1920, pp. 224).

Seventh Report to the Legislature by the Tax Commission of Kansas (Topeka, January 11, 1921, pp. 55).

Seventh Biennial Report of the Minnesota Tax Commission (St. Paul, 1920, pp. 272).

Report of the Special Revenue Commission to the Governor of New Mexico (Santa Fe, November 23, 1920, pp. 324).

Report of Hearings of the New Mexico Special Revenue Commission held at Santa Fe, August, 1920 (pp. 204).

Sixth Annual Report of the South Carolina Tax Commission for 1920 (Columbia, pp. 120).

The Annual Report of the Tax Commission of South Dakota, 1919-1920 (Pierre, pp. 115).

Twelfth Annual Report of the Tax Commissioner of Texas for 1920 (Austin, pp. 118).

Bulletin No. 23, *Taxation of Inheritances in Virginia* (Richmond, State Tax Board, 1920, pp. 34).

Law Relating to Income Tax, Delaware, published by authority of George M. Fisher, state treasurer (Dover, 1920, pp. 17).